CUSTOMER STORY

COINJAR

How digital currency exchange CoinJar champions risk management as a central pillar of its growth strategy

Melbourne-based CoinJar started operating in 2013 and has become Australia's longest-running digital currency exchange, having won awards and venture capital backing as well as launching into the UK market during the thick of the COVID-19 pandemic lockdown in May 2020. With its easy-to-use products for retail and business customers, CoinJar is built on an ethos of delivering efficiencies and service thanks to leading technology that helps to deliver robust compliance with cryptocurrency-related regulation.

Managing risk in the fast-growing global cryptocurrency market

Digital currency exchanges deal with the same significant, inherent anti-money laundering (AML) and counter-terrorism financing (CTF) risks that other fintech companies experience. These risks are amplified as more investors want to invest in cryptocurrencies, requiring digital currency exchanges like ours to deploy more resources to stay compliant with AML and CTF regulation, while still being able to offer a seamless customer onboarding experience.

At CoinJar, we realized early on that our industry would be regulated and we wanted to ensure that we were ahead of the game. When the Australian Transaction Reports and Analysis Centre (AUSTRAC) announced that crypto exchanges were to be regulated for AML and CTF compliance, we had already started to source a screening data provider to integrate into our existing KYC processes.

> **At CoinJar, we realized early on that our industry would be regulated and we wanted to ensure that we were ahead of the game.**

In line with our company ethos, we've consistently done KYC checks and we've set up relevant processes, including provisions for screening for politically exposed persons (PEP) and sanctions risk. However, we had a number of pain points with our initial screening data provider. We were experiencing an increasing number of false positives and incomplete records or lack of content on certain records, which meant we couldn't make informed decisions on a client quickly and efficiently. Also, we had limited configuration options, with no way of changing the screening thresholds and test parameters.

Although we aimed for a watertight approach to screening, we lacked audit trail and regulator-reporting capabilities. In addition, we weren't able to conduct ongoing automated monitoring of existing clients. On the technical side, we had limited capability around integrating the data and APIs into our internal application.

So, we decided it was time to find a new provider.

> **We were able to explore Refinitiv® World-Check® One's functionality and features by using the desktop version, which was extremely intuitive.**

Reducing the level of false positives in KYC

When we were searching for a new partner, we read on the Refinitiv website that implementing the World-Check One solution would help us experience a reduction in the rate of false positives. This was accurate – as before we signed up, we would have to remediate about 15% of all new customers that were onboarded, but now it's just 6%, which represents a 60% reduction.

When we signed up, we were waiting for a short time for the World-Check One API to be integrated. During this time, we were able to explore World-Check One's functionality and features by using the desktop version, which was extremely informative for the nontechnical members of our team.

With World-Check One, we can also control the strength of the name match threshold. We did a lot of testing internally to determine what the threshold should be for our business in a range between 70% up to 100% – and we've kept the threshold at relatively conservative levels of up to 90%. This approach benefits our annual audit because it demonstrates that we don't rely on exact name matching in our onboarding processes.

As we onboard approximately 2,000 new customers each month, having access to the risk data that Refinitiv makes available for screening is very useful, including PEP and sanctions data which helps us to meet our regulatory compliance obligations. With World-Check One, we also get access to other risk intelligence data from law enforcement, regulatory enforcement and other bodies which we like to screen against.

Growing our global customer base safely and securely

With a robust compliance culture in place, we have grown our business to about 475,000 customers globally across Australia and the UK. From a regulatory perspective, we only need to conduct KYC checks on users who want to buy and sell digital currency, while other customers use the wallet capability on our platform, which lets them send and receive the digital currency.

As most of our active customers use iOS and Android apps rather than the Web with about 60% of them active on mobile, this trend supports our longtime goal to shift to a mobile-first experience. Mobile delivers a lot of KYC, AML and CTF risk benefits for us in managing the onboarding experience via customers' mobile devices, helping us to grow.

> **Just four months after our launch, we hit our first million pounds in buy-sell volume in the UK.**

Scaling our business into new markets

The launch of our operations in the UK this year, followed a year of focused planning to bring together all the parts and implement the banking and payment provider setup and testing. Most of our retail customers are trading with CoinJar as a market maker both in Australia and the UK.

Just four months after our launch, we hit our first million pounds in buy-sell volume in the UK. While we intend to maintain a steadily cautious approach to expanding our business elsewhere, we aim to investigate launching in a market such as Belgium, France or the Netherlands next. ■

Learn more about Refinitiv solutions at **Refinitiv.com**

REFINITIV®
DATA IS JUST THE BEGINNING®